

SPEECH

OF

JOHN CHARLTON, M.P.

ON

THE BUDGET

HOUSE OF COMMONS, MAY 16, 1895

AGRICULTURAL PROTECTION A FALLACY

CANADIAN MANUFACTURING INDUSTRIES WELL DEVELOPED BEFORE THE N. P.

WASTEFUL EXPENDITURE—RECKLESS INCREASE OF DEBT—
BAD LAWS—AN UNSOUND PUBLIC POLICY

Mr. CHARLTON. Mr. Speaker, before entering upon a discussion of the questions which are pertinent to the motion before the House, I wish to say a few words of a personal character with respect to some remarks made by the Controller of Customs in his speech last night. That hon. gentleman gave us an exhibition, not of dignity or of respectability, but an exhibition of temper, and he pursued a course of conduct that was the exact reverse of respectability. He made an unwarranted attack, an attack entirely without foundation, on the hon. member for Russell (Mr. Edwards). He accused that hon. gentleman of paying his men in goods, of forcing them to take payment out of his own store, of issuing scrip to them, and that he oppressed them in the matter of payment of their wages; and when the hon. member for Russell rose and explicitly denied the accusation, the Controller of Customs failed to accept that denial, as he was bound to do from a brother member of this House, and he equivocated and quibbled about the story having appeared in the papers, about the hon. member for Russell not having brought suits for

libel, and he failed to accept frankly and fully the disclaimer made by that hon. gentleman. I venture to say that the hon. member for Russell is well respected by almost all members of this House. He has never introduced a Sabbath Observance Bill, he has never introduced a Bill for the punishment of seduction, and he has never incurred, by his course, the hostility of hon. gentlemen opposite; and the Controller failed to do that which, by parliamentary rules, he was bound to do, and pursued a course of conduct that failed to meet the approval of the great majority of his own followers, and certainly failed to meet the approval of the friends of the hon. member for Russell. With respect to the charges made against myself, I will pass them over, so far as the running of tugs on Sunday is concerned, because they are not pertinent to the question under discussion. The hon. gentleman, however, when reference was made to the fact that he had been in Washington, said he was not there for the purpose of selling his country to the Yankees. I presume he went down there to borrow something. His party

had already borrowed from the Americans the Gerrymander Act, and had borrowed from them protection, and very likely the Controller thought he would borrow something else in the same line that might be used in the elections that are approaching. So far as the allusions to myself are concerned, I have this to say, that the hon. gentleman and his colleagues were very glad to accept the advantages that were secured—whether I was instrumental in securing them or not at Washington—in connection with the free lumber negotiations. We secured, under the Wilson Bill, the admission free of—

Logs and round unmanufactured timber not specially enumerated or provided for in this Act.

Firewood, handle-bolts, heading-bolts, stave-bolts and shingle-bolts, hop-poles, fence posts, railroad ties, ship timber and ship planking, not specially provided for in this Act.

Timber, hewn and sawed, and timber used for spars and in building wharfs.

Timber, squared or sided.

Sawed boards, plank, deals and other lumber.

Pine clapboards.

Spruce clapboards.

Hubs for wheels, posits, last-blocks, wagon-blocks, oar-blocks, gun-blocks, heading and all like blocks or sticks, rough hewn or sawed only.

Laths.

Pickets and palings.

Shingles.

Staves of wood of all kinds, wood unmanufactured.

We secured the free entry of all these articles into the American market, and in return for this, there was a condition that we should not impose an export duty or discriminate in stumpage dues. I repeat, that the hon. gentleman and his colleagues were very glad to avail themselves of this condition, and having so availed themselves they close the door of criticism on any persons who may have been instrumental in securing those concessions, concessions which are more important to Canada than any commercial concessions secured from the United States since 1854. Now, the hon. gentleman showed a sense of the importance of these concessions by abandoning—or if he did not do it his colleagues did—by abandoning his petty boom duty; a duty the imposing of which in the month of May last year, came very nearly losing us the whole of these concessions. I might say with regard to this that I was requested by the then Premier of this Government to do something in the line of averting the disaster, and without entering further into this case, I may repeat, I am ready to meet at any time, the hon. gentleman (Mr. Wallace) with regard to the imputation he has made, and to go fully into the question. That is all I have to say with regard to these personal affairs, further than to regret, that the hon. gentleman (Mr. Wallace) did not conduct himself in a manner consistent with the dignity of his position, that he did not display a statesmanlike line of conduct in

his presentation of his case to the House, and that he did not abstain from these petty malignant attacks upon members of this House; attacks which had no bearing whatever upon the subject under discussion.

Now, Mr. Speaker, with regard to the discussion of the matter legitimately before the House in connection with the motion of my hon. friend from South Oxford (Sir Richard Cartwright). The Government present several postulates in this discussion. They assert, in the first place, that the farmer needs protection. My hon. friend, the Controller of Customs last night said, that the farmer stood more in need of protection than any other business interest in this country, and that the farmer had received a greater extent of protection than any other interest. The next assertion made by the Government is: that protection is beneficial to the development of manufactures; the third assertion of the Government is: that all classes have benefited by protection; the fourth assertion made by them in this debate is: that the financial policy of the Government has been prudent and commendable; their fifth assertion is: that their financial management has been honest and clean; their sixth assertion is: that their laws and general policy have been good; and the seventh assertion of the Government is: that the Liberals are drifting aimlessly and without a policy. I propose to deal briefly with those points, and only briefly, because this discussion has been protracted for a great many days and these subjects have become threadbare, so that I shall treat them in a general way without entering very fully into particulars.

First, with regard to the assertion that the policy of the Government has afforded protection to the farmer, that the farmer requires protection, and that the farmer is now receiving protection to a greater extent than any other interest in this country. I deny in toto that the farmer requires protection, or that he has received protection, or that he has anything to thank the Government for in connection with its fiscal policy. This assertion, of course, Mr. Speaker, is very industriously promulgated by Ministerialists and there is a reason for it. The farmers of this country control the Government, they are the majority of the electors. The Government must of necessity secure a considerable portion of their votes or it cannot carry the elections. Consequently it is necessary to induce the farmers to believe that the beneficent character of the Government policy is of a great benefit to them, so far as their interests are concerned. I am bound to say that hitherto the Government have succeeded to a large extent in their design, and I am bound further to say, that I do not believe they will succeed to any great extent again. Now, Sir, the farmer is a manufacturer. His raw material is the soil that he cultivates, the seed that he casts upon that soil, the sun, and the

wind, and the rain, and the transfusive forces of nature which take the seed that is cast upon the earth and bring forth the blade, and then the ear, and then the full corn in the ear. His raw materials are machinery, and clothing, and food, and all that it is necessary for him to use in the prosecution of his enterprise. These are his raw materials. His finished products are, golden harvest, fruits, flocks, herds, dairy products, vegetables, and all that the soil produces. He is in the highest and noblest sense a manufacturer, and he depends, not upon man's legislation, but he depends for the outcome of his labour upon the blessings of a kind Providence. Now, the farmer being a manufacturer, the question is, To what extent can he be benefited in common with other manufacturers? What have been his profits under this policy which it is claimed has done so much for him? Will any man here assert that the farmers of Canada are making 5 per cent net on their operations? Will any man point out that farmers are able to rent their farms for 5 per cent upon their cash value? Neither of these assertions could be substantiated; the business has not been a remunerative one. The farmers of the country have not secured large profits. Where are their markets? They have a home market, of course, but they have markets in every country under the face of heaven that require the articles they produce. They send whatever the soil produces to any corner of the globe where that product is needed. Who are the competitors of the farmer? His competitors are the producers in all lands. If he is selling wheat, he must compete with the peasant of Russia, with the coolie of India, with the poorly paid labourer of the Argentine Republic. All these classes he must meet upon a common ground and compete with them in the open markets of the world. He competes with the world at large in all his other products. Now, what the farmer wants, and what is essential for his prosperity is, that if he is obliged to sell his products in the open markets of the world subject to competition from every quarter and from all men, he should be allowed the privilege of buying what he requires under the same conditions. If he is obliged to meet competition in selling, he should have the privilege of having the benefit of competition in buying; and so far as the Government can grant him that, with proper regard to its revenue wants, the farmer is entitled to demand, that if he sells in the open markets of the world, he should be allowed to buy in the open markets of the world upon the most favourable terms that can be secured. He wants relief from taxation, he wants relief from the burdens that press upon him, and he wants to purchase and buy the necessities of life under the same conditions as he is obliged to sell his products.

I do not deny that agricultural protection under certain circumstances would be benefi-

cial to the farmer. Agricultural protection would benefit the farmer of England, because the farmer of England raises his products and sells them in a market that he does not fully supply. He sells them in a market which must receive the surplus from other countries, of all the kinds of things he produces, and if a duty were put on these products that would enhance the cost of what was brought in and so would increase the price of what the English farmer raises. Agricultural protection in England would be a benefit to the farmer, but in Canada the case is quite different. Here we have a country where is raised all that is required for the supply of the wants of our own people, and we have a surplus in addition, which is sold abroad; and whenever there is a surplus of any article, it is unnecessary to argue that the price received for that surplus in the open markets of the world will cover the price of the entire crop raised in the country. This being the case, protection cannot be made advantageous to the farmers of Canada.

My hon. friend the Controller of Customs said last night that the farmers of Canada were subjected to great losses under the Mackenzie Administration by the free admission of American grains and other agricultural products, and he pointed to the fact that the importations of agricultural and animal products in 1878 amounted to \$15,773,000. I contend that the free and untrammelled admission of grains under the tariff of 1876 was not in any degree detrimental to the agricultural interests of this country. We had constructed a costly system of public works; we had united Lake Erie with Lake Ontario; we had united Lake Ontario with the navigable lower stretch of the River St. Lawrence; we had expended millions of dollars for the purpose of diverting from the Western States a portion of that trade which passed through American channels to New York and other American seaports. The purpose of these expenditures was to secure as large a volume of traffic as possible; and in order to make that purpose effectual it was necessary to remove all restrictions, and allow the flow of that traffic unimpeded through our commercial channels. Well, what was the effect, so far as the farmer was concerned, of American wheat being ground at mills at St. Catharines, at Thorold, or on the St. Lawrence, where water power was furnished? So long as we had a large surplus of wheat, as we had, the American wheat which we used simply displaced so much Canadian wheat and flour, which took its place in our exports; and the mills on the Welland Canal, or on the St. Lawrence, found it to be to their advantage to grind the hard spring wheats of the west mixed with certain qualities of Canadian wheat. This gave employment to Canadian labour, to Canadian capital, to Canadian coopers

who made the barrels, to Canadian vessels which exported the product of the mills, to Canadian shipping warehouses, and to Canadian bank capital; and it was in every way an advantage to the country. It was a trade that swelled the volume of our commercial transactions, and did not in the slightest degree interfere with the prosperity of the farmer. Why, Sir, during the Mackenzie Administration the average price of wheat was \$1.11, whereas until recently it has not gone above 60 cents; the average price of barley was 83 cents, the average price of oats 42 cents, the average price of pease 76 cents. The average prices of all the products of the farm were from 30 to 80 per cent higher during the time of that Administration, under which occurred all those disasters which the hon. Controller of Customs says it inflicted on the country, than they have been for years past; and the country could not offer up a prayer better calculated to bring blessings upon it than the prayer that the same condition of things that existed under the Mackenzie Administration should be brought to this country again. The only grain affected in price by a duty would be a grain that we consume in excess of our production, and the only grain we consume in excess of our production is Indian corn. A duty would affect the price of Indian corn; but even the importation of Indian corn was advantageous to Canada.

An hon. MEMBER. No.

Mr. CHARLTON. Yes. It was the raw material of the stock feeder, who was producing beef; it was also a grain relatively cheaper than other coarse grains, so that the farmer who bought corn could sell barley, oats, pease and rye at relatively higher prices, replacing them with corn, and make a large profit in the exchange. I found by a careful computation, in 1878, that the advantage to the farmers of Canada from the importation of 7,387,000 bushels of corn in that year was \$1,400,000.

Now, it is said that the National Policy has had a good effect upon the price of pork. My hon. friend the Minister of Militia the other day descanted on the great advantages that resulted to the Canadian farmer from the duty on pork. If we were producing pork in quantities less than our consumption, the imposition of the duty would raise the price of pork; but we are doing more than that. Last year we exported 26,826,840 pounds of bacon, 1,682,167 pounds of ham, and 755,722 pounds of pork, a total of 29,264,729 pounds of hog products, valued at \$2,976,503. Now, 30,000,000 pounds of pork in round numbers, valued at \$3,000,000, is a surplus so large that it is folly to talk about the duty on pork enhancing the price in this country. It has no effect on the price whatever. We are selling in the same markets as the Americans, and—

Mr. DICKEY. I did not intend to say that the duty affected the price of pork, but that it increased the production of pork.

Mr. CHARLTON. Well, I can tell the hon. gentleman what has led to the increase in the production of pork. It is the fact that the production of other things has not paid—that the National Policy or something else has depressed the prices of wheat and of other grains, and that the farmer has been forced by the necessities of his circumstances, into the production of some crop that would be more remunerative, and he has therefore gone into the production of pork and cheese; but it is senseless to talk about this increased production being brought about by protection.

Mr. SPROULE. How was it that the production expanded so rapidly after the duty was put on, and did not before?

Mr. SPEAKER. Order. I must ask hon. gentlemen to refrain from these unseemly interruptions. Every member who has not spoken on this question will have an opportunity of speaking.

Mr. CHARLTON. Now, I wish to point out how utterly without foundation are the assertions that duties on agricultural products have enhanced the prices of those articles in this country, or that we need protection against American agricultural products. At the present moment, owing to exceptional circumstances, the price of wheat is higher in Canada than it is in the United States. This, I presume, is the first time that this has occurred in at least ten years. The reason is that at the low prices which have prevailed for wheat, farmers have been feeding that grain to their hogs, their horses and their stock, and we have waked up suddenly to find that the country has sold short, and that we have not enough wheat to carry us till next harvest. Consequently, we have to import wheat and pay the duty on it. But the farmer in general has no advantage from that, because he has sold his wheat, though any who held wheat may derive some advantage. It is owing to that exceptional circumstance that wheat is higher in Canada than in the United States. I have watched the wheat markets, and there has not been a period for years, till now when wheat would not have been from 3 to 5 cents higher in Canada than it was, if we had free admission to the American markets. Although the surplus of both countries are designed for the same general market, yet, for some reason, probably from closeness of competition and the larger amount of money employed in grain transactions in the United States, wheat has been almost uniformly higher in the American than in the corresponding Canadian markets; and until this circumstance of the shortage from over exportation there has scarcely been a day when the farmers would

not have been benefited to the extent of 3 to 5 cents a bushel by the free admission of wheat to the American markets. I have compiled some quotations for the 14th day of this month at Toronto and Buffalo, as relative markets and Chicago as a market not as favourably situated as Toronto. And I want to point out that in this list there is not an article that would be at all likely to be imported into Canada if the restriction were removed. Take oats. I place them upon a basis of 34 pounds to a bushel, because the American standard is 32; and if you make a comparison between 32 in the one place and 34 in another, it is not a fair comparison. I find, based upon 34 pounds to the bushel, that the prices were, as follows:—

Toronto	35	@ 36c.
Chicago	29½	@ 30½
Buffalo	38	@ 40

Or 4 cents higher at Buffalo than at the relatively situated market at Toronto. My hon. friend the Controller would prevent the buying of oats in Buffalo at 40 cents, paying freight, and bringing them to Canada for sale at 36 cents:

Rye—

57c. in Toronto.
64½c. in Chicago.
70c. in Buffalo.

Buckwheat—

41c. in Toronto.
55c. in Buffalo.

Barley—

45 to 47c. in Toronto.
46½ to 52c. for the inferior western barley in Chicago.
63c. in Buffalo.

Nobody is going to pay 63 cents for barley in Buffalo, bring it to Toronto, and sell it for 47 cents. It is not necessary to impose a duty to prevent that, and that is about all the benefit the National Policy confers upon our farmers:

Cattle—

\$3.00 to \$5.60 per cwt. live weight in Toronto
3.30 to 6.15 in Chicago.
3.75 to 5.87 in Buffalo.

We have heard a great deal about Armour sending in beef and supplying our hotels. We have heard a great deal about the danger of having American beef brought in here if the duties were removed and our markets slaughtered. Who is going to buy heavy steers in Chicago at \$6.15, bring them to Toronto and sell them at \$5.60? Hogs—the National Policy advocates stand firmly upon the assertion that the duty does some good in hogs. Well, on the 14th of this month, the quotations were as follows:—

Hogs—

\$3.00 to \$4.80 in Toronto.
4.30 to 4.80 in Chicago.
\$4.00 to \$4.90 in Buffalo.

They were not as high in Toronto as in Chicago, five hundred miles further west.

The Controller of Customs, the other night pointed out that mess pork was cheaper in Chicago than in Toronto. That does not affect the farmer. The farmer is affected by the price he receives for live hogs. He sells his hogs alive; and if mess pork is sold higher in Toronto than in Chicago, that simply shows that the packers are making larger profit in Canada than in the United States. In Chicago they carry on the business systematically; they utilize everything except the squeal—bristles, bones, everything else, and they thus manage to sell mess pork cheaper than in Toronto. But live hogs have been uniformly higher for some years in the American markets than in ours, and the duty on live hogs is utterly useless. We do not need it at all. With regard to the sheep market, the quotation for sheep in Toronto by live weight, as near as I can get it, for they were quoted by the head—

Mr. WHITE (Cardwell). Does the hon. gentleman say there should be no duty on pork coming from the United States?

Mr. CHARLTON. My assertion is that the duty is useless. It does not make any difference and has not any effect; as regards pork from the United States sent here. What we want is the duty taken off pork going to the United States:

Sheep—

\$3½ to \$3½ in Toronto.
3½ to 4½ in Buffalo.

Lambs—

\$3 to \$4 per head in Toronto.

I do not know what the live weight would be:

In Chicago the best are worth \$6.75 per cwt.
In Buffalo, \$4.75 to \$8.50 per cent.

I venture to say that the average price of lambs is \$1.50 higher in Buffalo than in Toronto:

Baled hay—

Toronto	\$ 9 00
Chicago	11 00
Buffalo	12 50
New York	16 00

Eggs—

Toronto	10 to 10½c.
Chicago	13
Buffalo	13 to 14

Butter, potatoes, turnips, vegetables—all are higher in that market than here. What we want is not protection against American agricultural products that are coming from the higher-priced markets to the lower, but the ability to get into that higher priced market with our products. The Government would have shown some sense if they had at least opened negotiations upon the suggested basis and see how far it would be necessary to go when invited to offer to the American Secretary of State proposals based upon the introduction of a list of manufactures in a reciprocal arrangement. If they had

entertained that proposition instead of summarily dismissing it, the farmer might have got some advantage from the action of this Government. But he has never received a dollar from it. He has never received any protection. The whole thing is a mockery, a delusion and a snare, and he is beginning to find that out. My hon. friend the Controller of Customs says that the United States is no market for us because they sell everything we do, because they export everything we do. No need, he says, going to that market; it is folly to think of such a thing. Why, Mr. Speaker, the United States is our best market for hay, small fruits, horses, sheep, lambs, poultry, eggs, hides, wool, flax, barley, beans, malt, vegetables, potatoes, turnips, even with the present scale of duties. It would be much our best market for cattle if the duty were removed. Nothing could confer so great an advantage upon the farmers of Canada as the sweeping away of the entire schedules of American agricultural duties.

So much for this question of protection to the farmers. I proceed next to consider the assertion that our manufacturers depend for prosperity upon protection, and I think that I shall be able to show that protection, even in the case of manufacturers, has not exerted the beneficial influence which is claimed for it. I think that I will be able to show—and I shall take some pains to do so—that protection is entirely unnecessary, as compared with a revenue tariff, even for the manufactures of this country. I may point out, first of all, that we had manufactures before we had the National Policy. We had manufactures that were well developed. We had extensive manufacturing interests in this country which grew up under a revenue tariff policy of 15 per cent duty. In 1871, according to the census of that year, our manufactures stood as follows:—

1871.

Capital invested	\$ 77,964,020
Hands employed	187,942
Raw material	\$124,907,846
Wages	40,851,009
Products	221,617,773

How does that compare with the assertion that the National Policy created our manufacturing system? That was the condition of things almost ten years before that policy was inaugurated. There was scarcely a manufacturing interest existing in Canada to-day which was not in existence then, and not only in existence but doing a profitable business. Passing on ten years to 1881, for in 1881 the influence of the National Policy, which was adopted in 1879, had scarcely begun to be felt; it took a little time to adjust interests to the new condition of things, and you may say that the entire decade from 1871 to 1881 was also passed under revenue tariff conditions—in 1881 what was the condition of our manufacturing industries? Had

they grown? Was there any evidence of prosperity or growth in that decade between 1871 and 1881, under revenue tariff conditions? Or were they stagnant? Did they give evidence of some pressing need for a change of policy? Let us see. The capital invested in 1881 had increased from \$77,960,000, at which it stood in 1871, to \$165,202,000. The number of hands had increased from 187,942 to 254,955. Wages had increased from \$40,851,000 to \$59,429,000. The increase in raw materials was from \$124,907,846 to \$179,918,593; the increase in product was from \$221,617,773 to \$309,171,068. A little later I will give the percentages of increase in this decade, and also in the decade following. But let me say that in 1891, the nominal value of factory products was greater than the true value, because these values, as compared with those of 1871 and 1891, are inflated by protection, while in the other they are down near to rock bottom; and you may safely deduct from the totals of production given in 1891 from 15 to 20 per cent in order to have them on the same basis as those of 1871 and 1881. Bearing this in mind, let us see what the result was in 1891: Capital, \$354,620,750; employees, including boys and girls, 370,256; wages, \$100,663,650; material, \$256,119,042; products, \$476,258,886. Now let us endeavour to ascertain, Mr. Speaker, what were the profits realized in the gross, in these three periods. Let us see whether we can ascertain from these returns of the products of manufactures whether the business in 1871 was a ruinous one, and let us compare the profits received in 1871, 1881 and 1891. This is a very important matter in connection with this case. If it can be shown that, even though the product was large, in 1871 or 1881, the business was unprofitable, some argument will be given in favour of a change which would make the business more profitable. What do the figures show? In 1871:

Wages	\$ 40,851,009
Raw material	124,907,846
Total	\$165,758,855
Product	221,617,773
Balance of profit	55,858,918
Capital	77,964,020
Percentage of profit, 73.	

Was this a struggling industry? Was this an industry that required bolstering up by higher duties? It is folly to talk it. What was the result in 1881:

Wages	\$ 59,429,002
Raw material	179,918,593
Total	\$239,347,595
Product	309,676,068
Balance as profit	70,328,473
Capital invested	165,302,623
Percentage of profit, 42.	

That is a good enough business. Now, take the figures for 1891: .

Wages	\$100,663,650
Raw material	256,119,042
Total	\$356,782,692
Product	476,258,886
Balance as profit	119,476,144
Capital invested	354,620,750

Percentage of profit, 33.6.

Profit on working capital of \$181,450,136, 65 per cent.

So that we see that the profit in 1871 was 73 per cent on the capital invested; in 1881 it was 42 per cent; and in 1891 it was 33.6 per cent. Who complains of the condition of things in 1871 and 1881? What reason was there to complain? None whatever. Now, the increase in hands between 1871 and 1881 was 35.6 per cent, while the increase in population was 17 per cent. The increase in hands between 1881 and 1891 was 45 per cent, while the increase in population was 11.66 per cent. The increase of raw material between 1871 and 1881 was 44 per cent, while the increase in raw material from 1881 to 1891 was 42.3 per cent, showing a greater increase in the first decade than in the second by 1.7 per cent. I ask you to bear in mind these statements with regard to raw material, because they furnish a criterion by which the other lists can be judged, showing that some of these lists were stuffed as regards the products, and as regards the number of hands employed. The increase in capital from 1871 to 1881 was 112 per cent, while the increase in capital from 1881 to 1891 was 114 per cent, 2 per cent greater in the second decade than in the first. Now, as to the evidence showing stuffing of the lists I will take, first, boots and shoes, and blacksmithing. These are what are called "natural industries"; they exist in all countries, blacksmithing especially, and the result could not very well be manipulated or stuffed in these cases:

Boots and shoes, 1881	\$17,895,903
Boots and shoes, 1891	18,990,381

Increase \$ 1,091,478
Equal to 6 per cent.

Blacksmithing, 1881	\$7,172,469
Blacksmithing, 1891	8,942,106

Increase \$1,769,637
Equal to 24 per cent.

Here were increases that were natural. The increase in population in the second decade was 11.66 per cent, with the increase of production in blacksmithing of 24 per cent, and in boots and shoes of 6 per cent. Now, let us look at some industries, the tables regarding which may be stuffed a little. Take carpenters and joiners:

1881	\$3,893,910
1891	9,111,299

Increase \$5,217,389
Equal to 125 per cent.

Now, does anybody believe that while boots and shoes increased 6 per cent, and blacksmithing, 24 per cent, the work of carpenters and joiners increased 134 per cent, with an increase in the population of only 11.66 per cent? It is absurd on the face of it. Next take dress-making and millinery:

1881	\$ 4,926,871
1891	11,111,510

Increase \$ 6,184,639
Equal to 134 per cent.

This increase is nonsense. These figures are due to the fact that in 1891 every woman who sewed in a garret, every woman who had a sewing machine was entered as a manufacturing industry. Now, considering that the increase in raw material used was less by 1.7 per cent between 1881 and 1891 than it was between 1871 and 1881, these statements of the increasing number of establishments and increased number of hands employed are illusory, and not in accordance with the facts. And I believe that the Government was capable of deliberately entering into the business of giving instructions to enumerators to get figures showing an apparent swelling of the industries of the country that did not exist. Now, Sir, I infer from this table that all these statements made by hon. gentlemen on the Government side that the institution of the National Policy, and the necessity of putting on heavier duties for the purpose of promoting manufacturing interests in this country were false assertions. I assume that the returns made by the census of 1871, showing \$221,000,000 of products, that the census returns for 1881 showing 309,000,000 products, the returns showing that the net profits in 1871 were 73 per cent, in the next decade 42 per cent; that all these facts show that all the assertions made by the friends of National Policy, that the introduction of that policy was essential to the well-being and continuance and growth of the manufacturing interests of this country, were wrong. It is a pure fallacy, that does not rest upon a solid foundation in any respect whatever. In fact, Sir, the returns show that our manufacturing industries were more prosperous, in reality, the general degree of prosperity was greater, under the revenue tariff policy than it has been subsequent to that time. What kind of establishments had we in operation, then? Why, Sir, we had cotton mills, well established woollen mills, agricultural implement manufactories, foundries, saw mills, planing mills, sewing machine establishments, machine shops, hat factories—we had nearly all that we have got to-day, and these industries were well established. They were not exotic industries, they were not industries struggling for an existence. Many of these had practically full control of the field. The saw-mills and the wood manu-

factories of the country, planing mills, sash and blind factories, wooden and hollowware, foundries, agricultural implements, boots and shoes, leather—in fact, all the principal manufacturing industries in Canada had almost exclusive control of the field in this country. How desperate was the condition of the manufacturers? J. & K. Molson had accumulated a fortune of a million dollars; J. G. Worts, a million dollars; E. & G. Gurney, commencing as moulders, were worth \$750,000 that they had made in their business of manufacturers; E. K. Green was worth half a million; A. E. Gault was worth half a million; and scores and scores of others were worth from \$50,000 to \$250,000 apiece.

But it happens that we had a period of depression, extending from 1874 to 1879, and our manufacturers imagined that the world-wide depression that existed was due to something that did not cause it, and they wanted to have something done by the Government to put them in a position that time would have put them in, that the removal of the depression would have put them in. But I think I can show that even in 1878, almost at the close of that depression, the condition of our manufacturing industries was not an unfavourable one. I took occasion to correspond with about 100 manufacturers in 1878, and I received letters from twenty of them, in various lines, in the province of Ontario, and in one or two other provinces. I will give the result to the House now, for the result of that investigation has a direct bearing upon this question. One cotton mill stated that they had made no dividend, and I found out afterwards that they had earned 10 or 12 per cent, and had applied it to the purchase of machinery in order to enlarge their operations. One woollen mill, with a capital of \$180,000 reported 10 per cent dividend. One foundry, with a capital of \$180,000 reported no dividend in consequence of having been unfortunate in making bad debts to a large amount. One woollen mill reported a dividend of 6 per cent; one hosiery mill, 6 per cent; another hosiery mill, 8 per cent; one sewing machine factory, 6 per cent; one carriage factory said their business was remunerative; one extensive clothing concern said they could make more money by shaving notes; one agricultural implement manufactory said business was satisfactory, and they were very busy; another sewing machine factory said they were running on three-quarters time, and their profit was slightly reduced, and they wanted free trade in iron, steel and coal; another agricultural implement factory were making satisfactory profits; one large foundry made 20 per cent; another agricultural implement factory made 23 per cent; another, 40 per cent; another, 20; another reported business satisfactory; one knitting goods factory was

satisfied that they were holding their own all right; and that was the general state of trade in their line. The summary of the statement is that in these twenty establishments one paid a dividend of 40 per cent; one of 28; one of 23; two of 20; seven somewhere between 10 to 15; one of 8; six of 6 and over; and one in iron reported that they had made bad debts, and had no dividend. Now, I want to compare that condition with the condition of manufacturing establishments in New England, where they had heavy protection, a protection that had existed for seventeen years. I want to make a comparison between the conditions of these concerns in Canada, under a revenue policy, and forty-eight of the principal manufacturing concerns in New England, in 1877 with a capital of \$53,320,000. Sixteen of these forty-eight establishments reported no dividend, compared with only one out of twenty in Canada. Nine of them reported dividends of less than 6 per cent; eight reported dividends of 6 per cent; and ten reported dividends of 10 per cent and upwards. Now, if the relative condition of things was such that out of twenty establishments in Canada one only had no dividend, while out of forty-eight in New England, sixteen had no dividend; if, while 9 of those establishments in New England paid less than 6 per cent, and there was only six in Canada that paid as little as 6 per cent—I say that the manufacturing industries of Canada were beyond all question in a relatively healthier, more prosperous, and more profitable condition than they were in six New England states, where they were enjoying very heavy protective duties. I think, Mr. Speaker, that I may venture the assertion that the protected industries in the United States throughout the depression that existed from 1874 to 1879, were more severely affected than ours were in Canada, and were in a less prosperous condition. I make that assertion without hesitation, I make that assertion believing fully, in fact, knowing, that it is true.

Now with regard to protection in a general sense. If one solitary interest could procure protection, it would obtain an advantage; but if you distribute protection over all the industries in the country, or attempt to do it, you handicap one by putting a duty upon what is its raw material, which is the finished product of another; and after you have gone the round of the circle, you leave matters relatively in as bad a position for the manufacturers as they would have been if you had made no attempt to put the duties on. A blast furnace produces pig iron. Where one establishment produces pig iron, forty establishments in the country use it, and the protection that benefits one is a burden upon forty. One establishment produces steel billets, and where one produces them, fifty use them,

and the protection that protects one is a burden upon fifty. And so it is around the list. One manufacturer is buying what another has produced; the manufacturer that produced it has been protected, and the protection adds to its price, and the manufacturer that is using it is obliged to buy it at an enhanced price, and charge a higher price for his goods. He is no better off, and the consumer is very much worse off. That is the trouble with protection. It takes out of one pocket and puts into another, and takes out of that pocket and puts into a third, and it goes the round, and the only man that has had anything taken out of his pocket that he does not get back again, is the consumer, who is necessarily robbed by the operation of the system.

I think I can show that the operation of the protective policy in the United States has not been, in any sense, advantageous to the manufacturing interests even of that country. In 1846 the United States abandoned protection after a brief trial, and passed a revenue tariff, which decreased, by a graduating scale, every three years. As that tariff decreased, the manufacturing interests of the country took a new bound towards prosperity, and in 1850 the product of manufactures in the United States amounted to \$1,019,000,000 in value, and the number of hands employed was 957,000. In 1860, in a clear decade of a revenue tariff policy, without the intervention of protection at all, the number of hands had increased to 1,311,000, the wages to \$378,000,000, and the product to \$1,885,000,000; or the increase in the decade from 1850 to 1860, under a revenue tariff, had been 37 per cent in the number of hands employed, 60 per cent in the amount of wages paid, and 85 per cent in the products. Well, this is a highly favourable showing; and it happens. Mr. Speaker, that at no time since 1860—for high protection was introduced in 1861—has the condition of manufacturing industries in the United States been more prosperous or satisfactory than it was between 1850 and 1860 under a moderate revenue tariff. I have prepared tables as to the increase in wages, in prices, in raw material, capital, and in products, for the three decades following 1850, and are as follows:—

1850.

Hands, males	731,137	
do females	225,922	
		957,059
Wages	\$ 236,755,461	
Product	1,019,106,616	

1860.

Hands, males	1,040,349	
do females	270,897	
		1,311,246
Wages	\$ 378,878,966	
Value of product	1,885,861,676	
Percentage of increase, hands	354,187—37 p.c.	
do do wages	\$142,123,502—60 p.c.	
do do product	\$66,755,060—85 p.c.	

1870.

Hands, males	1,615,598	
do females	323,770	
		1,939,368
Wages in currency	\$ 775,534,343	
Reduced to gold	581,690,258	
Product in currency	4,232,325,442	
do gold	3,174,244,082	
Increase in No. hands	628,122—47 p.c.	
do wages, cur'y...\$	396,705,307—104 p.c.	
Increase reduced to gold...	297,528,981—78 p.c.	
do in product, cur'y..	2,346,463,768—124 p.c.	
do do gold...	1,288,382,406—68 p.c.	
Deduct also for protection prices of goods.		

1880.

Hands, males	2,019,055	
do females	531,639	
		2,550,674
Wages	\$ 947,953,795	
Value of product	5,369,579,191	
Increase of hands, aside from children, in all cases, 611,306—31 per cent.		
Increase of wages, \$172,369,352, or 22 per cent over currency basis.		
Increase over gold basis in 1870, \$366,263,537—63 per cent.		
Increase of product, on currency basis of 1870, \$1,137,253,749, or 27 per cent.		
Increase of product, on gold basis of 1871, \$2,195,335,109, or 69 per cent.		

A summary of the results shows that, reducing the figures to a gold basis, which is necessary to do in order to make a comparison with the gold basis that preceded it and succeeded it, the increase was as follows:—Increase of hands, not children, 1860, 37 per cent; 1870, 47 per cent; 1880, 30 per cent. Increase of wages, gold basis, 1860, 60 per cent; 1870, 78 per cent; 1880, 63 per cent. Increase of products, gold basis, 1860, 85 per cent; 1870, 68 per cent; 1880, 69 per cent. There is nothing here to show a material acceleration in the development of manufacturing industries in the United States under protection. It shows, on the whole, the reverse, that the development during the decade from 1850 to 1860 was as great as between 1860 and 1870 or 1870 and 1880, and it furnishes corroboration of the statement I have made, that both in Canada and in the United States the operation of protection, as contrasted with the operation of the revenue tariff—I refer to the first period as shown by these statistics—shows beyond question that protection fails to protect, that it fails to secure the object it is ostensibly aimed to secure, and that manufacturers are no better off under high protection than under a moderate revenue policy.

There is another feature of this case which has a bearing on the matter, Mr. Speaker, and that is the population statistics. You take the population statistics of a nation, and if there is material variation between one decade and another, it is reasonable to suppose that fiscal conditions may have had something to do with that variation. During the decade ending 1860 the United States increased their population by 35·10

per cent, and of that the increase 24·98 was a natural increase, without reference to immigration. In 1890, under a high protective policy, the natural increase had fallen from 24·98 to 14·39 in 1890. If we take our own country, we find in Ontario the increase from 1851 to 1861, under a revenue tariff, was from 952,000 to 1,396,000, or an increase of 46 per cent in ten years; while in Quebec, for the same period the increase was 25 per cent. From 1871 to 1881, under a revenue tariff, the increase of population was 18·88 per cent, while that of Quebec was 14·05, and of the whole Dominion, 17·31. With the full benefit of protection, the increase of population in Ontario, from 1881 to 1891, was 9·65; in Quebec, 9·53; in the whole Dominion, 11·66. This falling off in the ratio of increase, I think, indicates clearly that the condition of the country was unfavourably affected by the operation of something, and I assert that that something was the National Policy, and that under the operation of the protective policy we declined, as regards increase of population, in the Dominion, from 17·31 in 1881, to 11·66 in 1891.

There is another matter in connection with this question which is deserving of attention. It has been asserted that the condition of this country is satisfactory. The hon. member for North Hastings (Mr. Northrup) was driven to asserting that an increase of 11·66 was satisfactory. He compared that increase with the increase of some of the countries in Europe, with France, for instance, and he was highly satisfied that we had increased in as great a ratio as the European countries, which are throwing off emigration every year, which have reached the full development of their resources, and are cultivating all the soil capable of furnishing sustenance to man. I assert that Canada is a country whose natural conditions are such that it should increase in population as rapidly as any country ever has or ever will. We have abundance of food, abundance of soil, a vigorous population, room for expansion, everything favourable to the rapid increase of population. If we take the United States—and I will deal with this question of natural increase alone—the natural increase of that country for the decades from 1790 to 1890, was as follows:—

INCREASE OF POPULATION IN UNITED STATES.

	Total increase.	Natural increase.
1790 to 1810.....	35·10	33·00
1800 to 1810.....	36·38	35·32
1810 to 1820.....	33·06	32·00
1820 to 1830.....	32·50	31·03
1830 to 1840.....	33·52	29·33
1840 to 1850.....	35·83	28·12
Pop. in 1860.		
1850 to 1860.....	35·10	24·98(31,443,321)
1860 to 1870.....	22·45	
1870 to 1880.....	30·08	22·79
1880 to 1890.....	24·85	14·39
Average nat. increase,		
1790 to 1860, 7 decades	30·54	

That was the natural increase of population, leaving aside immigration to the country. Is there any reason why we should not increase as rapidly, especially when it is remembered that when this increase of 25 per cent, in round numbers, took place, the United States had a population of 31,500,000? Here we are with a population of 5,000,000, with as many advantages, with as great room for expansion as the United States had even in 1810, when they had about 7,000,000 of population. How has the population of Canada increased? We should have a natural increase of 25 per cent. That was the lowest rate of increase in the United States, down to 1860, and we certainly should have that. It is reasonable to say that our increase should be 25 per cent—I believe it should be more than 30 per cent. Estimating on a basis of 25 per cent increase in 10 years, what should have been the condition of things in this country as regards population in 1891? We had in 1881 a population of 4,324,810. If we had added 25 per cent for natural increase to the population of 1881, that natural increase would have been 1,081,202, and without receiving a single immigrant we should have had, when the census was taken in 1891, a population of 5,406,012 inhabitants. I take the natural increase at 25 per cent for the ten years, which is only 2½ per cent for each year, and that was the lowest natural increase they had in the United States up to 1860. During that period between 1881 and 1891, we received 886,173 immigrants. It would be fair to add a considerable percentage for natural increase to these immigrants, but I will add nothing on that account. I will add to the population of 1881 the bare 886,173 immigrants, and plus the increase of 25 per cent on our actual population in 1881, it would have given us in 1891 a population of 6,292,185 souls. Well, we had 4,833,239 inhabitants in 1891, and so we fell short of what our population should be by 1,458,946, and we fell 572,773 short of our natural increase without the immigration at all. Will any man tell us that is a satisfactory condition of things? Will any man doubt that these figures which show that we fell 1,458,000 short of our proper population, on a moderate estimate of what our increase should be, do not prove that there must be something wrong in this country? The advocates of this policy who base their expectations for success in the future, and attribute to the policy every blessing received in the past; will they tell us, in view of the facts presented here, that this policy is not a failure? Sir, the policy is a failure. It is a lamentable failure, and every argument made in favour of that policy is an argument without foundation and not based upon reason.

Now, Sir, with regard to the next postulate, for it is a postulate, that this policy benefits all classes. Does it benefit the lumber interest, Mr. Speaker? Does it enable you

and me to buy blankets, and chains, and axes, and saws, and the outfit for our camps, any cheaper than we could buy them without it? Does it enhance the price of a single article we have to sell? Do we sell in markets that are affected by this policy or reached by it at all? Does it reach the consumer in the United States; the consumer in Great Britain, the consumer in Australia, in the Argentine Republic, or in South Africa? It does not have the slightest influence upon prices, and it loads the producer of lumber with burdens which are incident to the policy, and gives him no compensating advantage in the slightest degree whatever. Does it benefit the mining industry? Well, we do produce a little pig iron, but how much? We produce 46,000 tons, I think, and in return for that little production of pig iron we load up the consumers of this country with duties upon \$10,000,000 worth of bar-iron and other kinds of iron, and where the producer of iron gets \$1 in protection the consumer in Canada pays \$10 out in return.

Mr. McNEILL. How did they build up their iron industry in the United States?

Mr. CHARLTON. Natural advantages.

Mr. McNEILL. Oh, yes; which we do not possess, I suppose?

Mr. CHARLTON. Iron in the United States at Birmingham, can be produced cheaper than at any other point in the world. The actual cost of producing it there is only about \$5.75 per long ton.

Mr. McNEILL. We have as great natural resources in Nova Scotia as anywhere in the world.

Mr. MILLS (Bothwell). Then we do not need protection.

Mr. CHARLTON. Then with regard to coal. Would it not be better for Nova Scotia to have free access to the markets of the New England States, to New York, to Philadelphia, and to other seaport cities, than to force coal against nature by a long railway route to Montreal and points further west? Would it not be an advantage to British Columbia to be able to sell coal in San Francisco and other Pacific coast cities for consumption in California or Oregon? How is it about iron ore, Sir? There are every year 8,000,000 tons of American iron ore shipped from the Lake Superior region, and with our own mines as accessible and as valuable as those in Michigan, we are shipping only about 2,000 tons per year; a mere dribble compared with that vast stream of commerce that employs one-third of the lake shipping in the inner Lake Basin. With free access to the American market we could swell our exports of iron ore from

the paltry 2,000 tons that we have now, to millions of tons. How is it about marble and stone? Sir, \$25,000,000 worth of structural materials are used in the United States every year, and we exported to that country in 1894 a paltry \$32,226 worth. If the duties were removed, the magnificent quarries we have on the north shore of Lake Huron, of Lake Superior, and the quarries in the region back of Lake Ontario, would share in that lucrative trade. We could supply cities like Chicago, Milwaukee, Detroit, Cleveland and Buffalo with millions of dollars worth of structural material. We could send our structural material through the Erie Canal, and supply builders in New York, Philadelphia and other cities. If we had free access to the American market for our iron ore, free access to the American market for our structural material, we could furnish to the labouring man of this country, \$10 worth of labour for every dollar's worth he would be deprived of if we swept the whole system of the National Policy away with one clean sweep.

Does this policy of protection benefit the fishing industry? No. Where does the fisherman find his market? He finds it in the West Indies, in the United States and in Europe. He must meet in competition in the sale of his products, the fishermen of all other quarters of the world. Protection enhances the cost of his supplies, handicaps him, and makes him less capable of meeting that competition. And as regards the labourer. Is the labourer benefited by this policy; a policy that injures the lumberman, a policy that injures the farmer, a policy that injures the miner, and a policy that injures the fisherman? Will any one tell us that the labourer is benefited by this policy? If the labourer makes \$1 out of increased employment furnished by manufacturers—if this policy does promote manufacturing, which I deny—his class loses \$10 on the other hand through the operations of this policy. The labouring industry of Canada loses heavily in being deprived of the different lines of employment that would be prosperous, and that would employ an enormous number of labourers but for the imposition of these duties and burdens which are incident to the policy of hon. gentlemen on the opposite side of the House.

There is another feature, Mr. Speaker, with which I have not yet dealt. My hon. friend the Controller of Customs said last night: A tax on articles not produced in the country is a tax on the people. That is true. But the tax on articles produced in the country is a double tax. It is a tax on the people to the extent that the people pay taxes into the treasury, and it is a tax on the people to the extent that the people pay in enhanced cost for all articles of that nature produced in the country. That enhanced cost is what the political economist denominates an incidental

tax. Now, Sir, the price of a domestic production is enhanced to nearly the full extent of the duties imposed upon the corresponding article imported into the country. The duty goes into the treasury, but the enhanced cost upon the domestic article goes into the pockets of the combine, and the monopolist, and the manufacturer who secures this unjust advantage. For instance, the production of cotton in this country would, I suppose, amount to nearly \$10,000,000 a year. The cotton import amounted in 1894 to \$4,001,618. Upon that the Government received a revenue of \$1,139,068. Upon the \$10,000,000 worth of domestic products, the manufacturer receives enhanced cost to the extent, perhaps, of \$2,500,000 more. So that the consumer is paying \$3,600,000 of enhanced cost on cottons in order that the Government may receive a revenue of \$1,139,000. The woollens we imported in 1894 amounted to \$9,493,629 worth, on which the duty paid was \$2,876,873; but on the woollen goods which were manufactured in Canada, the consumer paid almost a corresponding amount in this incidental tax, which did not go into the treasury, but went into the pockets of the manufacturers who produced the woollen goods. During the discussion in the United States on the policy of a revenue tariff, a very interesting paper was compiled by the Hon. Wm. Springer, who is considered a good authority on economical questions, bearing on this very question of the burdensome character of the incidental tax. Mr. Springer selected a line of articles, the aggregate importation of which in to the United States for the previous year was \$194,464,758. He showed that the domestic product of the same line of articles was \$2,440,502,649. The number of hands employed in the production of that domestic product was 1,327,881; and the wages paid were \$463,606,049. Now, mark this, Mr. Speaker, the increased cost to the consumer of these goods, \$2,440,000,000 worth, in consequence of protection, was \$556,938,637. The excess of increased cost over the wages paid in that production was \$163,600,000. In other words, the people paid, in direct tax the duty on the goods imported, and in indirect tax, in the enhanced cost of the goods produced, \$751,403,395; and of that sum the Government got \$194,464,758, or 23.7 per cent, and the monopolist got \$556,693,000, or 76.3 per cent. Is that not a beautiful system that compels the consumer in the country, of every dollar he pays, to pay to the Government 23 cents and 7 mills, and into the pocket of the monopolists, 76 cents and 3 mills? That is protection. That is the operation of the incidental tax. Now, my hon. friend the Controller of Customs claimed that we had free sugar. Well, we had, in a sense. We had free sugar of a kind that the refiner wanted, but we had a duty of $\frac{6.3}{100}$ per cent on the kind the refiner wanted to sell. The

result was that while the Government received no revenue, the refiner was able to take, at least, half a cent a pound more for his sugar than it could be imported at; so that on the 300,000,000 pounds consumed in the country, he was able to take out of the pockets of the people, and put into his own pocket at last, \$1,500,000, not one farthing of which went into the treasury. That sum would pay all the wages of all the men employed at the refining of the sugar. A costly, wasteful, absurd system! My hon. friend told us last night that if we had had the tariff of 1878 in operation last year, we would have realized a revenue on tea, coffee, and sugar, of \$8,000,000. Well, Sir, I suppose we would, and there would have been no incidental tax connected with it. The people would have paid the tax; the money would have gone into the treasury of the country; there would have been no domestic product of sugar or coffee, or tea, to be enhanced in price to the consumer by the tax; and, instead of paying to the Government 23 cents and a fraction, and to the monopolists 76 cents and a fraction, they would have paid the whole dollar to the Government. That would have been the advantage of a revenue tariff upon those articles. But, Sir, on refined sugar, on cottons, on woollens, and on many other articles produced in this country, we are paying, in this incidental tax, in enhanced prices charged by the manufacturers under cover of the duty, more money than the entire amount paid by those manufacturers for labour in the production of those articles; and we would be better off if we just turned those labourers loose, paid them their wages for doing nothing, and saved the balance. The obvious inference from all this is that this is a costly, wasteful, absurd system.

I have proved that under a revenue tariff in this country, from 1861 to 1881, the progress of our manufacturers and the net profits made by them were so satisfactory that there was no reason under heaven for a change in that policy in order to promote their welfare. I have pointed out that in the United States, from 1850 to 1860, under a revenue tariff policy, inaugurated four years before 1850, the increase in wages paid, in hands employed, in raw material consumed, and in product put out, was as satisfactory as in the decade from 1860 to 1870, or in the decade from 1870 to 1880, reducing the product of 1870 to a gold basis; and, when we examine into this matter, everything points inevitably to the conclusion that the imposition of this tax, which bears so heavily upon the producing community in consequence of the diversion of the greater part they pay to the pockets of the combines, is not warranted on sound principles, and cannot be defended.

Now, Mr. Speaker, we shall come to that postulate as to the financial policy of the

Government being prudent and commendable. The following tables gives comparisons of the controllable expenditures for 1874, 1878, and 1894 :—

CONTROLLABLE EXPENDITURE—COMPARISONS, 1874, 1878, 1894.

	1874.	1878.	1894.
	\$ cts.	\$ cts.	\$ cts.
Administration of Justice.....	459,037 49	564,920 11	745,501 00
Arts, Agriculture and Statistics.....	19,091 97	92,365 62	264,879 66
Civil Government	883,685 53	823,369 80	1,402,279 49
Fisheries.....	76,247 11	93,262 28	466,750 76
Geological Survey and Observatories.....	97,814 38	96,049 74	158,010 14
Immigration.....	291,296 57	154,351 42	202,235 52
Quarantine	27,276 30	26,340 02	113,571 43
Indians.....	146,068 31	421,503 66	968,563 17
Superintendence Insurance		8,577 48	9,578 20
Legislation.....	784,048 15	618,035 38	698,006 64
Lighthouse and Coast Service.....	537,057 63	461,967 71	476,635 07
Mail Subsidies and Steamship Subventions	285,882 29	257,534 08	530,702 66
Marine Hospitals.....	66,462 53	57,484 60	38,403 94
Militia and Defence.....	1,122,282 27	618,136 58	1,284,517 17
Miscellaneous.....	102,160 20	62,968 61	249,843 89
Mounted Police.....	199,599 14	334,748 50	611,263 21
North-west Territories Government.....	12,729 91	18,199 20	276,951 99
Ocean and River Service.....	121,818 14	144,837 82	211,922 67
Penitentiaries.....	395,551 76	308,101 69	446,134 16
Pensions	56,453 84	105,842 05	86,927 18
Police.....	56,387 54	10,616 44	21,947 47
Public Works.....	1,778,915 88	997,469 70	2,033,954 91
Railways and Canals.....	47,085 15	1,125 00	133,996 60
Steamboat Inspection	10,291 58	14,315 82	25,939 89
Superannuation.....	64,442 84	106,588 91	262,302 07
	7,641,686 51	6,398,712 23	11,720,809 89

CONTROLLABLE EXPENDITURE—SUMMARY.

1874	\$7,641,686 51
1878	6,398,712 23
Decrease.....	\$1,242,973 28
Percentage of decrease, 16 02.	
1878	\$ 6,398,712 23
1894	11,720,809 89
Increase.....	\$ 5,322,097 66
Percentage of increase, 83.	

Now, I wish to draw the attention of my hon. friend the Finance Minister and my hon. friend the Controller of Customs to the fact that the Mackenzie Government, commencing with the controllable expenditure in 1874 at \$7,641,000, reduced it by 1878 to \$6,398,000, being a reduction of \$1,245,000, and that the Conservative Government, commencing with that expenditure

of \$6,398,000, increased it to \$11,720,000 by 1894, an increase of 83 per cent. If this is consistent with their assertion that the financial policy of the Government has been prudent and commendable, I certainly am unable to see it. Now, I will give a similar comparison of the cost of the collection of revenue in the same years :

COLLECTION OF REVENUE—COMPARISON, 1874, 1878, 1894.

	1874.	1878.	1894.
	\$ cts.	\$ cts.	\$ cts.
Adulteration of Food.....		5,964 94	24,006 67
Culling Timber.....	82,886 43	49,940 38	25,281 18
Customs.....	727,629 36	714,527 77	921,039 92
Dominion Lands.....	282,696 28	87,628 52	133,305 06
Excise.....	206,935 28	215,024 50	484,949 72
Inspection of Staples.....		1,020 08	2,208 06
Minor Revenues.....	11,371 03	21,785 45	5,532 27
Post Office.....	1,387,270 48	1,724,938 52	3,517,261 31
On Public Works.....	128,859 65	97,123 93	154,237 24
Railways and Canals.....	2,260,820 07	2,374,313 97	3,760,549 82
Trade and Commerce.....			9,249 30
Weights, Measures and Gas.....		96,484 66	94,975 58
	5,088,468 58	5,388,752 72	9,132,615 13

COLLECTION OF REVENUE—SUMMARY.

1874.....	\$5,688,468 58
1878.....	5,388,752 72
Increase.....	\$300,234 14
Percentage of increase, $5\frac{1}{2}\%$	
1878.....	\$5,388,752 72
1894.....	9,132,615 13
Increase.....	\$3,743,862 41
Percentage of increase, 70.....	

In whatever way you institute a comparison between the financial results under the Mackenzie Government and those of the succeeding Government, that comparison is, in every instance, in the highest degree favourable to the Mackenzie regime. In 1873-74 the expenditure of the Mackenzie Government was \$23,316,000. In 1878 it was \$23,503,105, being an increase of \$186,000, or an annual average increase of \$46,710. If it be possible, let us arrive exactly at what the increase was in the five years of the Mackenzie Administration. Take the Supply Bill of 1878-79. The Mackenzie Government went out of power in October and were not responsible for the expenditure of the balance of that year. Take the Supply Bill of that Administration for 1878-79—and that Administration never exceeded its Supply Bill—and upon the basis of that Supply Bill its increased expenditure for the five

years was \$356,000, or an average of \$71,200 per year. My hon. friend, the Controller of Customs said last night that the fixed charges were \$16,750,000, and that the balance of the charges, which was \$20,000,000, could not be reduced, and he challenged us to show how they could be reduced. I first of all take the ground that the Government are responsible for the enormous amount of the fixed charges. Although the fixed charges cannot be reduced, yet the enormous figures of these charges is due to the supineness, neglect and extravagance of the Government. Those charges ought not to be nearly so large as they are. With regard to the hon. gentleman's challenge to show where the balance of the charges, \$20,000,000, can be reduced, I will call his attention to some figures which I think will show that some reductions can be effected :

ECONOMIES TO EFFECT.

	1878.	1894.	Reductions that can be made.
	\$	\$	\$
Civil Government	823,369	1,402,279	250,000
Fisheries	93,262	466,750	100,000
Arts, Agriculture and Statistics	92,365	264,879	75,000
Immigration	154,350	202,235	50,000
Indians	421,503	968,563	300,000
Steamship Subventions	257,534	530,702	150,000
Militia and Defence	618,136	1,284,517	280,000
Mounted Police	334,748	611,263	125,000
North-west Territories	18,199	276,951	200,000
Penitentiaries	308,101	446,134	50,000
Public Works	997,469	2,033,954	750,000
Superannuation	106,588	262,302	50,000
Franchise Act			250,000
Weights and Measures		94,975	94,975
Customs	714,527	921,039	100,000
Excise	215,024	484,949	150,000
Adulteration of Food		24,006	24,000
Post Office	1,724,938	3,517,261	250,000
Railways and Canals	2,374,313	3,760,549	750,000
			3,948,975

Add savings on railway subsidies which last year were..... \$4,600,000
do do Tay and Trent Canals and Curran Bridge, &c... ..
do increased revenue from increased prosperity.....
do strictly revenue duties, if necessary to impose.....

In civil government we expended in 1878. \$823,000, and in 1894, \$1,400,000. That is too large an increase. That is an increase four or five times greater than the proportionate increase of population. If we strike \$250,000 from that, the expenditure of civil government will still have increased in a much greater ratio than the increase of population. On fisheries we expended \$93,000 in 1878, and \$466,000 in 1894. Suppose we allow this fishery expenditure to be three times greater in 1894 than it was in 1878, we will still have \$100,000. On agricultural statistics we spent in 1878, \$92,000, and in 1894, \$265,000. Strike \$75,000 off that, and still the increase will be out of all proportion to the increased population. On immigration we spent in 1878, \$154,000, and in 1894, \$202,000. Strike off \$50,000—strike the whole thing off, it would not make any difference. On Indians in 1878, we spent \$420,000, and in 1894, \$968,000. It takes 47 cents out of every dollar to pay the other 53 cents to the Indians. I think I could arrange that so as to save \$300,000 and leave the Indians as well off as they are. On steamship subventions we spent \$257,000 in 1878, and \$530,000 in 1894. We have subsidized a line to Australia to bring in Australian frozen mutton, and we shipped \$18 of agricultural products there last year. We need that line as badly as a cart needs a fifth wheel. Strike it off. On militia and defence we spent in 1878,

\$618,136, and in 1894, \$1,284,517—more than double what we spent in 1878. What is the sense of that? The population has not doubled: it has not increased over 20 per cent. Strike off \$280,000 from that, and leave a round million for militia expenditure, and that will be plenty. On mounted police we spent in 1878, \$335,000, and in 1894, \$611,000. We can effect a saving there, I think, of \$125,000. In the North-west Territories we spent \$18,199 in 1878, and in 1894, \$277,000. We could save the whole of that expense by allowing the North-west Territory people to manage their own concerns. Give them self-government, do not lead them around as infants with a string, but let them manage their own business like free British subjects, and save the whole amount of \$276,000, or allow \$76,000 for incidental expenses and strike off \$200,000. On penitentiaries we spent in 1878, \$308,000, and in 1894, \$466,000. Strike \$50,000 from that. On public works we spent \$997,000 in 1878, and \$2,034,000 in 1894. Why can you not get along with an addition to the expenditure in 1878 corresponding with our increasing population and wealth. On superannuation we spent \$106,000 in 1878, and \$262,000 in 1894. I think the way to do with that is to wipe it out. At all events, we can strike \$50,000 from that. On the Franchise Act we spent \$250,000. Cut the whole thing off. On customs we spent

in 1878, \$714,5227, and in 1894, \$921,000. A reduction can be effected there. You can wipe out the Controller and some other officers and be all the better off for it. I think we could effect a saving there of \$100,000. Weights and measures, \$94,975. Strike that off altogether. On excise, we spent \$215,000 in 1878, and \$485,000 in 1894. Knock another \$100,000 from that, and another Controller. Adulteration of food, \$24,000. Strike that off. Post office, in 1878 we spent \$1,725,000, and in 1894, \$3,517,000. While the population of the country has increased about 20 per cent only, was there any sense in increasing the post office expenditure over 100 per cent. I think not. Strike from that \$150,000. Railways and canals, in 1878 we spent \$2,374,313, and in 1894, \$3,760,549. Strike \$750,000 from that. What does all this amount to? My hon. friend challenged me to say where any reduction could be effected in this expenditure of \$20,000,000. There is a reduction of \$3,948,000. If we can get rid of Controllers and supernumeraries and introduce a system into the Civil Service which will require a man to do a day's work for a day's wage and put men in the service who are capable of doing work, and discharge those who are mere attachés, put there by political friends, we can save an enormous sum of money. The men who appointed them will never do that. They cannot discharge these useless civil servants, because these useless people have too much political influence. But put an Administration in office who does not care a continental whether the friends of these useless attachés are friends or enemies, and we will start them on the run sufficiently fast to effect a great saving. Put men in the departments who will turn things over and allow the country to see what is going on. Let in the light. Let us know what is going on. Let us know what there is that is rotten in Denmark. We voted \$4,600,000 in railway subsidies last year—waste, the most of it. Almost all these subsidies were purely for political purposes, without any design to benefit the country, without the remotest idea of benefiting the country. Then we can refrain, Mr. Speaker, from constructing Tay canals, from building Curran bridges, from making appropriations for Trent canals; we can refrain from this whole abominable system of squandering millions of the money of the people of this country to benefit ridings and strengthen candidates. Why, my hon. friend the Minister of Railways and Canals justified the expenditure of \$476,000 upon the Tay Canal that paid last year one three-hundredth part of the interest upon its cost and its charges of management, on the ground that his riding had had no benefit in the shape of an expenditure of public money before. That is the principle these men have acted upon—laying out money, squandering millions for the purpose of making them-

seleves solid in their constituencies, for the purpose of improving their own political fortunes, acting upon the assumption that all the wealth of Canada can be legitimately used for the purpose of securing them in the possession of power and of excluding their opponents from power.

Then, Sir, with regard to the debt. My friend the Controller of Customs told us last night that the net debt had increased five and a half million dollars in the last five years. Well, I suspect that the hon. gentleman did not prepare his figures himself, and possibly got them mixed a little.

Mr. WALLACE. I stated that the net debt had increased eight and a half millions.

Mr. CHARLTON. Well, eight and a half millions. I will take the net debt for four and half years up to 31st January last. The debt on 30th June, 1890, was \$237,809,000, and on the 31st January last it was \$249,407,000, which makes an increase in four years and seven months of \$11,598,000, instead of \$8,500,000. And we do not know how much more it is now—it may be a million or two more. What reliance can we place upon the hon. gentleman's statement, if he cannot sum up the increase of our public debt for four and a half years without making a mistake of about \$3,000,000?

Mr. DAVIES (P.E.I.) Perhaps he has an explanation to offer.

Mr. WALLACE. I quoted the increase of the debt for five years from 1889 to 1894. I stated that it was about \$237,500,000 at the beginning of that period and about \$246,000,000 at the end of it. The public accounts will show that I am right.

Mr. CHARLTON. The hon. gentleman must have chosen the period very prudently. But he will be judged by the country by the condition of the debt up to the present time. I will venture to say, without looking at the public accounts which I cannot take time to do now, that the hon. gentleman is wrong, even for the period he chose. At the end of the period he chose the public debt, as he states it, was \$246,000,000. Now, the public debt on 31st January last was shown to be \$249,000,000, and we have \$8,700,000 voted but not paid for railway subsidies, we have appropriations for the Trent Valley Canal, the St. Lawrence Canal and a lot of other public works involving expenditures of \$63,000,000 worth? Will they realize their nominal value? How much can you get for the \$370,000 in the Fredericton Bridge and arrears of interest? How much can you get for three or four millions of dollars of Quebec harbour bonds? What do these assets that are put down there and carried forward, year after year, represent of actual value? What would they

realize if we put them on the market or closed them out? If we squeeze the water out of them, I believe they would shrink several millions of dollars. I venture to say that at this moment the net debt of Canada is in reality not a dollar less than \$275,000,000. And this is the prudent, economical, financial policy that these hon. gentlemen talk about and justify before the country. The increase of the public debt since 1878 is \$109,045,000. The hon. gentleman told us about the increase in the debt under Mr. Mackenzie. But he stopped there. But since Mackenzie's Administration closed, these hon. gentlemen have increased the debt over \$109,000,000. The Controller of Customs told us last night—another evidence of his accuracy—that the public debt had increased on the average eight and a half million dollars a year under Mr. Mackenzie. That would be a total of over \$40,000,000. But the increase of the debt from 1874 to 1878 was \$32,037,000. The increase of the debt from 1874 to 1879, eight months of which was under Tory administration, was \$34,665,000. So the hon. gentleman is millions of dollars out of the way in the reckless statements that he makes. And who was responsible, Mr. Speaker, for that increase of the debt? The debt increased from \$75,728,000 in 1867 to practically \$275,000,000 to-day. The Conservative Government, I say here, in the face of this House and o' the country, is responsible for every dollar of it—responsible for the increase from 1867 to 1873; responsible for the increase from 1873 to 1879; responsible for the increase from 1879 to 1884. Why? Because the increase of the debt under the Mackenzie Administration was incurred in the discharge of obligations that that Administration never entered into; incurred in carrying out contracts that their predecessors had made; incurred in consequence of public works or undertakings initiated wholly by their predecessors, except for a paltry sum of one or two hundred thousand dollars. The Mackenzie Government was not responsible for the selection of the route upon which the Intercolonial road was built; it was not responsible for the building of that road, for it came into power when that road was partly constructed and contracts were out for the construction of the remainder. The Mackenzie Government was not responsible for the enlargement of the canals—the whole work had been provided for so far as the incurring of the obligation was concerned, and they had to carry out the agreements and contracts entered into by their predecessors. And so I say that the whole debt from 1867 to the present moment must be shouldered by the present Government and their Conservative predecessors, for they are responsible for every dollar of it.

An hon. MEMBER. Everybody knows that.

Mr. CHARLTON. Everybody knows it. Nobody denies it except those who want to deny a fact.

Now, with regard to deficits. The Mackenzie Government is responsible for deficits up to 1878, amounting to \$4,489,000. But if we make them responsible for the year 1879, for more than eight months of which they were not in office, the whole amount of their deficits would be \$6,427,000. Gentlemen opposite have incurred deficits since then of \$16,138,000, including the estimated deficit of \$4,500,000 for the current year. And yet they have the brazen effrontery to stand up here and talk about deficits under the Mackenzie Government, as though they themselves had never incurred one. Yet in reality their deficits are nearly three times as large as those of the Mackenzie Government, even shouldering upon that Government the year for which they were not responsible. Again, the different circumstances under which these deficits were incurred must be taken into consideration. The deficits under the Mackenzie Government were incurred during a period of extreme stringency lasting through four out of the five years of their term of office, and they were incurred mainly through the refusal of the Administration to increase the taxation. Deficits under the present Government have been incurred in face of the largely-increased taxation; the burdens upon the people are from 30 to 40 per cent greater than they were under the management of my hon. friend to my right. Still, with these increased burdens, with these largely increased duties, with much larger revenue, the Government have incurred deficits of over \$16,000,000. But my hon. friend (Sir Richard Cartwright) did not want to increase the duty, and he said: Wait, the circumstances under which we are living now, are abnormal in their character; wait till this depression passes away; wait till the normal condition of trade returns, and then we will see where we are. In the meantime, with the cruel depression existing, we do not want to pile additional burdens upon the people, and we can afford to wait. Suppose he had remained in power a year or two longer, suppose he had been in power in 1880—

Mr. MONTAGUE. Is that the reason the Minister of Finance at that day gave for not imposing new taxes?

Mr. CHARLTON. It is.

Mr. MONTAGUE. I think you will find out differently.

Mr. CHARLTON. I think not. I think the hon. gentleman took the ground that when trade resumed its normal condition, the revenue derived from the tariff as it existed then, would be sufficient for the needs of the country.

Mr. MONTAGUE. I think my hon. friend will find, if he reads the Budget

speech, that that was not the reason. My hon. friend from South Oxford won't say that was the excuse he gave.

Sir RICHARD CARTWRIGHT. Most undoubtedly it was.

Mr. MONTAGUE. My hon. friend from South Oxford gave the excuse that he did not want to mix up the discussion with the trade question.

Mr. CHARLTON. I have given the reason the hon. gentleman assigned. I sat in this House and heard him assign that reason; I heard his Budget speech, I am a living witness, and know about it. I know the question was discussed in party caucuses, I know what the decision of the party was, I know what reasons he gave the party in refusing to augment the burdens upon the people of this country. I know, furthermore, that the position assumed by my hon. friend would have succeeded, and would have proved that his prognostications were correct, if he had remained Minister of Finance for two short years longer. Our revenue, in 1879, was \$12,900,000 from customs; the revenue of the United States, in 1879, was \$137,250,000. Now, we changed our tariff in 1879; the United States did not; and if we take the experience of the United States, passing from the depression to that condition of things when trade resumed its normal course, and find what the effect was upon the revenue of that country, we may fairly assume that a corresponding effect would have been produced upon our revenue if no change of tariff had been made. Now, Sir, in 1879 the United States revenue was \$137,000,000; their revenue in 1880, after the depression had passed away, was \$186,000,000, the increase of revenue in one year was \$49,272,000. Now, the increase of revenue in this country between 1879 and 1880, providing our tariff had remained the same, would have been \$4,650,000; the entire revenue would have been \$17,544,000 in place of \$12,900,000, if it had borne exactly the same proportion to the increased revenue of the United States between 1879 and 1880. If taxation had been no higher in 1880, this Government would have had a surplus of \$3,100,000, and the assumption upon which my hon. friend proceeded would have been borne out triumphantly by the outcome. The policy of not increasing the burdens of the people, was a good one; it is the policy the Reform Government pursued upon all occasions. They were careful about increasing the expenditure they were careful about increasing the taxation, they were prudent in the management of our fiscal affairs; and in all these things their record has been in striking contrast to the record of their successors. These hon. gentlemen were imprudent, they were reckless, they increased the debt, they increased the taxes, they increased expenditure by fourteen million dollars, and they have piled

upon the people of this country burdens under which they stagger to-day; they have piled upon people of this country burdens which, even if an honest, an economical Government comes into power, only long years of self-denial and economy will remove.

Now, to the next postulate, that their financial policy was honest and clean. How was it about the sweating of public contracts? How was it about the imprisonment of McGreevy and Connolly, and their pardon, because there were men upon the treasury benches more worthy to be in jail than they? How was it when Mr. McGreevy took his seat in this House with a cloud resting upon his reputation? I felt sorry for the man. I felt indignant that he had not had the moral courage to expose the whole of this thing from top to bottom, and to have shown that there were other men in this Chamber who were more worthy of punishment than he; that he had been simply goaded on by men who are enjoying the fruits and reaping the advantages of transactions for which he was punished. We saw him come in here escorted by the two Tory whips; he ought to have been introduced by the ex-Minister of Public Works and the present Postmaster General. How much money, Mr. Speaker, do you suppose the Government made by this contract sweating system? How many hundreds of thousands of dollars were diverted from their proper purposes of honest expenditure, and carried into that election fund? How many? And then this railway bonussing to the extent of \$7,800,000 yet to pay, besides all the millions that have been paid on the same account—what has been done with that? How much good has the country got out of it? How much advantage does the Government reap from that? To what extent have they benefited by these subsidies? Have they taken 10 per cent, or 25 per cent toll, or what did they take? What do they propose to do with the Hudson Bay Railway grant of \$2,500,000 to build a section of the road that will not cost more than \$2,000,000? Are they to take \$250,000 of the surplus for their election fund, as has been reported, and allow the contractors to take the other half of the surplus? Are these charges that have been made, true? Has the policy of the Government been a clean and honest policy? Why did they increase the mail subsidies to the Canadian Pacific Railway while a contest was pending in 1891 by order in Council? How much of it did the Canadian Pacific Railway give back to their election fund? Why did they give to the Canadian Pacific Railway 6,400 acres of land per mile for a railway already constructed, that they knew, and every man knew, the company had built for its own purposes, and would have built anyway? Why have they squandered the area of an empire in putting

bogus railway schemes upon their feet, and investing speculative companies with the possession of franchises of enormous value, when they knew, and every man knew, that these companies were not intended to proceed with their work, but intended simply to hawk these charters around the country for sale? How pure was their transaction when they gave away 25,000 square miles of Dominion timber limits to their friends? What were the motives that actuated them in building the Tay canal, the Trent Valley canal, and the Curran bridge, and changing the contract for Sheik's dam? Has their record been an honest and clean record? I deny that such is the case. They have been engaged in humbugging the people. They have been engaged in denying to the people that which could alone conduce to their prosperity. They have made no attempt to secure reciprocity. They have palmed off upon the people their absurd schemes for promoting trade with Australia, trade with South Africa, trade with the West Indies, trade with these outlying countries that could not all together furnish a trade of \$2,000,000; and the Government offer this as a substitute for that market of 67,000,000 of people at our doors. They have been the paid agents of the monopolies, and rings, and combines; and they have sat in this House and upon the treasury benches, and have shaped the legislation of the country to promote the interests of this small fraction of its population, regardless of the interests of the agricul-

turist, of the miner, of the fisherman, of the lumberman, and of the labourer; and they have received from these interests, as a compensation for their services, the funds that have kept them in power. Have their laws been salutary laws? Look at their Gerrymander Act, which gives to 300,000 Liberal voters in Ontario less power than 200,000 Conservative voters, an infamous, cut-throat, assassin-like policy, borrowed from the United States with their National Policy. Was their Franchise Act a proper measure, when the Government took into their own hands the making of the lists and the printing of the lists? Do they tell us that the National Policy has secured them success in three elections, when they have at the same time been supported by the gerrymander, the Franchise Act, and boodle covering millions of dollars which have been acquired in the way I have described? No; in none of those respects are the claims they make before the House and the country founded on fact; and this Government is unworthy of the confidence of the people, unworthy of their confidence either as regards their fiscal policy, their general policy, or as to the manner in which they are discharging their trust, and for that reason I hope to see the Government replaced by a better one. I shall labour for that purpose and to that end, and I shall consider it a godsend to this country if ever the efforts for securing such change are crowned with success.